

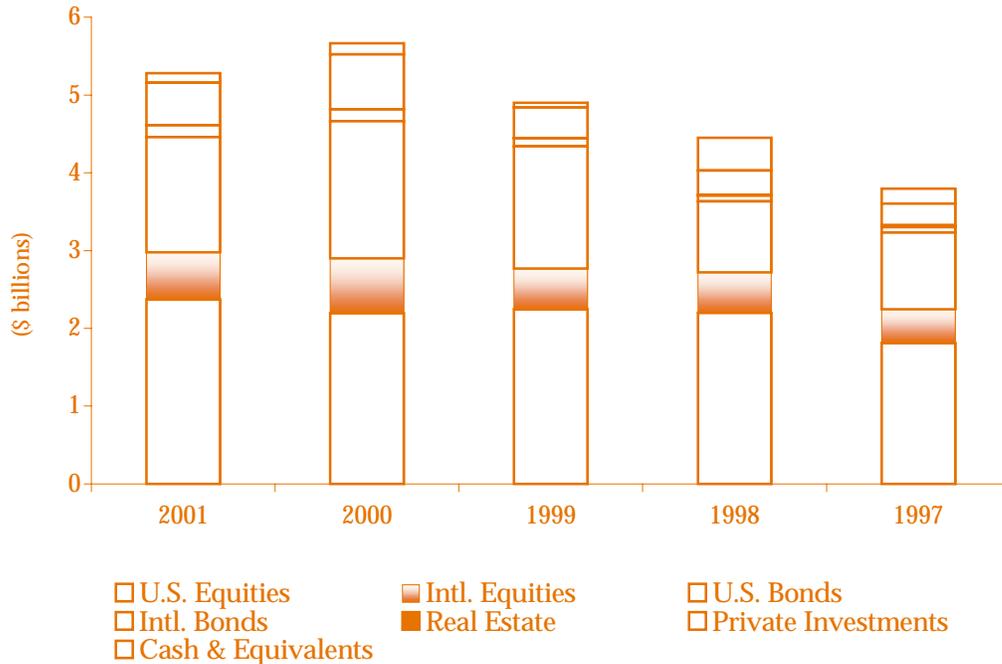


INVESTMENT SECTION

DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

Five-Year Investment Comparison



(expressed in millions)	Fiscal Years ending June 30,				
	2001	2000	1999	1998	1997
U.S. Equities	\$ 2,371.0	\$ 2,197.6	\$ 2,248.2	\$ 2,199.3	\$ 1,813.2
Intl. Equities	607.3	702.3	519.2	520.9	436.2
U.S. Bonds	1,483.8	1,761.4	1,572.3	912.7	982.5
Intl. Bonds	147.8	152.9	102.9	71.2	68.3
Real Estate	- *	- *	4.9	13.4	26.6
Private Investments	549.2	708.0	391.8	316.1	280.7
Cash & Equivalents	121.5	141.6	58.8	418.5	185.9
Totals	\$ 5,280.6	\$ 5,663.8	\$ 4,898.1	\$ 4,452.1	\$ 3,793.3

**less than 0.1% under management. Other real estate holdings in the form of Real Estate Investment Trusts are included in equities.*

Note: For these asset classifications, the Pooled Equity and Fixed Income Accounts are included in their respective equity and fixed income asset classes; and, therefore, are different from the categories used in the financial section on pages 32-33.



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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August 21, 2001

Dear Board Members, Participants, and Beneficiaries:

The Board of Pension Trustees Investment Committee (Committee) oversees the investment of the retirement funds of the Delaware Public Employees' Retirement System. The Committee's investment oversight includes the nine retirement plans [State Employees', Special, New State Police, Judiciary, County & Municipal Police/Firemen's (FICA and Non-FICA), County & Municipal Other Employees', Volunteer Firemen's, Diamond State Port Corporation, and Closed State Police] that the Board administers and the three commingled pension funds [County & Municipal Police/Firemen's COLA Fund, Post-Retirement Increase Fund, and Delaware Local Government Retirement Investment Pool (DEL RIP)] that the Board manages.

The Committee consists of five members appointed by the Board. The Committee operates within the following investment objectives established by the Board:

- To realize a real return of 3% per year over long periods.
- To control portfolio risk so as to limit downside price fluctuation of the total Fund.
- To realize as high a rate of total return as possible consistent with all of the above.

Investment decisions are further dictated by the Board's internal investment policy which requires a minimum of 20 - 25% of the total assets of the System to be invested in fixed income investments, such as bonds, cash equivalents, and certain real estate investments. The Committee monitors this policy with the assistance of the Investment Advisor. Also, the Committee reviews prospective risk levels and rates of return of all classes of assets. Hence, the Committee assures investment diversification by selecting managers whose demonstrated performance reflects different management styles and asset class expertise. Most importantly, the Committee closely monitors the performance of all investment managers, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same investment objectives.



Board Members, Participants, and Beneficiaries

Page 2

August 21, 2001

The Fund returned (5.1%) for fiscal year 2001. The total Fund's annualized rate of return over the last five, ten, and fifteen years was 11.3%, 12.7%, and 11.1%, respectively. This long-term return is well in excess of the actuarial assumption rate of 8.5%. As reported by a major performance ranking comparison service, the System's investment performance ranks above the median for this fiscal year and in the top decile of public funds for the three, five, and ten year periods. For the period ending June 30, 2001, the Fund market value totaled \$5.3 billion representing a decrease in assets of \$383.2 million.

On behalf of our Trustees, we thank our dedicated professional staff at the Office of Pensions, our investment advisor, and our money managers, who all work diligently to assure the successful operation of the Board of Pension Trustees Investment Committee.

Respectfully submitted,

Elva B. Ferrari, Chair

Board of Pension Trustees Investment Committee

Investment Activity

The bond markets performed well, but the U.S. stock markets were weak during the fiscal year ending June 30, 2001. For the fiscal year, the S&P 500 stock index returned (14.8%) while the Lehman Aggregate bond index returned 11.1%.

For the fiscal year, the Delaware Public Employees' Retirement System (System) had a (5.1%) rate of return. This performance ranks the System above the median of public funds for this fiscal year and in the top decile of public funds for the three, five, and ten year periods.

Return data for the total System was calculated on a time-weighted basis in accordance with the standards of the Association for Investment Management & Research (AIMR). Valuations, where available, are based on published national securities exchanges prices.

Investment Philosophy and Objectives

In the investment of public funds, adequate funding of employee pensions is a paramount concern. Excessive risk taking could jeopardize that funding. An appropriate balance must be struck between risks taken and returns sought to ensure the long-term health and affordability of the plans involved. For over 20 years, the System has been managed to control the extent of downside risk to which assets are exposed while maximizing the potential for long-term gain.

Specific investment objectives are:

- ◆ To realize a real return (Fund less CPI) of 3% per year over long periods (about 15 years).
- ◆ To control portfolio risk so as to limit downside price fluctuation of the total Fund in any 12-month period.
- ◆ To realize as high a rate of total return as possible, consistent with all of the above.

To achieve these objectives, these investment policies are employed:

- ◆ Allocate a minimum of 20-25% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments.
- ◆ Maintain a widely diversified portfolio, so as to minimize the risk of overexposure to any one market sector or investment style.
- ◆ Closely monitor the performance of all investment managers against specific absolute objectives and in relation to other managers following the same investment objectives.

Investment Process

While the objectives and policies have been repeatedly reaffirmed, the implementation process undergoes continuous evolution. The increasing volume of investment information and the complexities of the global marketplace necessitate the ongoing development and use of advanced information systems. Computer technology is now used as a tool in every aspect of investment management, from asset allocation decisions to manager selection and performance measurement.

General Management

During each year, the Committee with Board oversight carries out a number of general management practices to assure that the appropriate policies, controls, and resources are in place. Areas that are reviewed at least annually include:

- ◆ Investment objectives and policies based on an analysis of cash flow and liabilities.
- ◆ Management tools for decision making.
- ◆ Long term risk and return levels for various investment options.
- ◆ Manager organizations, performance, transaction costs, fees and expenses, proxy voting procedures, and adherence to investment philosophy.
- ◆ Fund performance versus externally measured universes of similar funds.
- ◆ Internal and external audits.
- ◆ Contacts with other leading state investment funds to compare management practices.
- ◆ Policy objectives and performance of the Private Program (including venture capital, limited partnerships, and private convertible bonds).

INVESTMENT SECTION

Investment Results

In Fiscal 2001, the investment process experienced:

- A time-weighted total return of (5.1%) based on market values.
- Benefit and expense payments exceeded net employer and member contributions by \$96.1 million.
- Net interest and dividend income of \$160.8 million.
- Net depreciation of \$447.9 million.
- Decrease in total Fund assets from \$5.7 billion to \$5.3 billion.
- Overall volatility well below that of an all common stock portfolio.

The System is invested for long-term results and each single year's returns must be viewed in relation to longer periods.

	Fiscal Years Ending June 30,					Five Years	Ten Years	Fifteen Years
	2001	2000	1999	1998	1997	Ending 6/30/01*	Ending 6/30/01*	Ending 6/30/01*
Total Fund Return	(5.1%)	16.8%	11.1%	18.0%	17.8%	11.3%	12.7%	11.1%
Consumer Price Index (CPI)	3.3%	3.7%	2.0%	1.7%	2.3%	2.6%	2.7%	3.3%
Fund Real Return	(8.4%)	13.1%	9.1%	16.3%	15.5%	8.7%	10.0%	7.8%

**(All Returns Greater Than One Year Are Annualized)*

Chart I on page 59 summarizes the cash flows and total Fund returns for each of the last five fiscal years and the cumulative results for 5-year and 10-year periods ending June 30, 2001.

Chart II on page 59 summarizes the total Fund and asset class segment returns for each of the last five fiscal years and the annualized returns for the 3-year and 5-year periods ending June 30, 2001.

Charts III and IV on page 60 show the quarterly cumulative total Fund performance for the 5-year and 10-year periods ending June 30, 2001 compared to indices representative of some of the asset classes in which the Fund invests.

One investment objective is to achieve an annualized rate of total return over any 15-year period that is at least 3 percentage points greater than inflation. The most recent 15-year result is a real rate of return of 7.8% (11.1% Fund less 3.3% CPI) measured on a time-weighted basis. During this period, risk as measured by relative volatility, was approximately 51% of the level that would have been experienced by a fund invested 100% in the S&P 500. The real rate of return from such a 100% stock portfolio would have been 10.7% (14.0% S&P 500 less 3.3% CPI). These are not typical real rates of return and should not be expected going forward. The last 15 years encompassed periods of exceptional returns in both the bond and stock markets which are unlikely to be repeated.

	Periods Ending June 30, 2001 <i>(All Returns Greater Than One Year Are Annualized)</i>		
	Five Years	Ten Years	Fifteen Years
Total Fund Return	11.3%	12.7%	11.1%
S&P 500 Index % Return	14.5%	15.1%	14.0%
Relative Return vs. S&P 500 Index	78.3%	84.2%	79.1%
Relative Risk vs. S&P 500 Index	55.2%	58.5%	51.1%

**Chart I
Calculated Returns**

*(Dollar values expressed in thousands)
(All returns for periods greater than one year are annualized)*

	Fiscal Years Ending June 30,					Five Years	Ten Years
						Ending	Ending
	2001	2000	1999	1998	1997	6/30/01	6/30/01
Beginning Market Value	5,663.8	\$ 4,898.1	\$ 4,452.1	\$ 3,793.3	\$ 3,248.9	\$ 3,248.9	\$1,826.7
Net (Withdrawals)/Contributions	(96.1)	(58.7)	(43.6)	(30.4)	(19.6)	(248.4)	(400.7)
Net Investment Income	160.8	155.5	126.9	130.2	123.8	697.2	1,195.8
Net (Depreciation)/Appreciation	(447.9)	668.9	362.7	559.0	440.2	1,582.9	2,658.8
Ending Market Value	\$5,280.6	\$ 5,663.8	\$ 4,898.1	\$ 4,452.1	\$ 3,793.3	\$ 5,280.6	\$ 5,280.6
Time Weighted Total Return on Market Value	(5.1%)	16.8%	11.1%	18.0%	17.8%	11.3%	12.7%
Consumer Price Index	3.3%	3.7%	2.0%	1.7%	2.3%	2.6%	2.7%

**Chart II
Investment Performance Summary**

(All returns for periods greater than one year are annualized)

	Fiscal Years Ending June 30,					Three	Five
						Years	Years
	2001	2000	1999	1998	1997	Ending	Ending
						6/30/01	6/30/01
(1) Total Fund	(5.1%)	16.8%	11.1%	18.0%	17.8%	7.2%	11.4%
(2) Equity and Private Equity Segment**	(8.7%)	33.6%	11.2%	16.0%	14.4%	10.7%	12.5%
(3) Fixed Income and Cash Segment***	8.5%	5.2%	6.1%	7.8%	7.3%	6.6%	7.0%
(4) Tactical Asset Allocation Segment****	(6.2%)	7.0%	13.4%	27.0%	24.4%	4.4%	12.4%
Consumer Price Index*	3.3%	3.7%	2.0%	1.7%	2.3%	3.0%	2.6%
S&P 500 Index	(14.8%)	7.4%	22.7%	30.2%	34.6%	3.9%	14.5%
Russell 3000 Index	(13.9%)	9.6%	20.1%	28.8%	30.6%	4.2%	13.8%
MSCI EAFE Index	(23.6%)	17.2%	7.6%	6.1%	12.8%	(1.2%)	2.9%
Lehman Gov't Corp	11.1%	4.3%	2.7%	11.3%	7.8%	6.0%	7.4%
90-Day T-Bill	5.0%	5.5%	4.5%	5.1%	5.1%	5.0%	5.0%
60/40 S&P/Lehman Gov't Corp Mix	(4.8%)	6.5%	15.2%	22.5%	23.4%	5.3%	12.1%
60/40 MSCI World/Salomon WGBI	(13.5%)	8.7%	11.5%	12.1%	14.7%	1.6%	6.2%

* A benchmark for establishing the Total Fund real return.

** Includes convertible securities and private equity; excludes equity portion of tactical asset allocation portfolios.

*** Excludes fixed income and cash segments of tactical asset allocation portfolios.

**** Comprises investment accounts which tactically rebalance among stocks, bonds and cash (including foreign stocks, bonds and cash beginning in 1997) to optimize the risk/return characteristics of the mix. The underlying assets in these accounts are generally passively invested in index vehicles.



Chart III

Total Return Performance Comparison - 5 Years

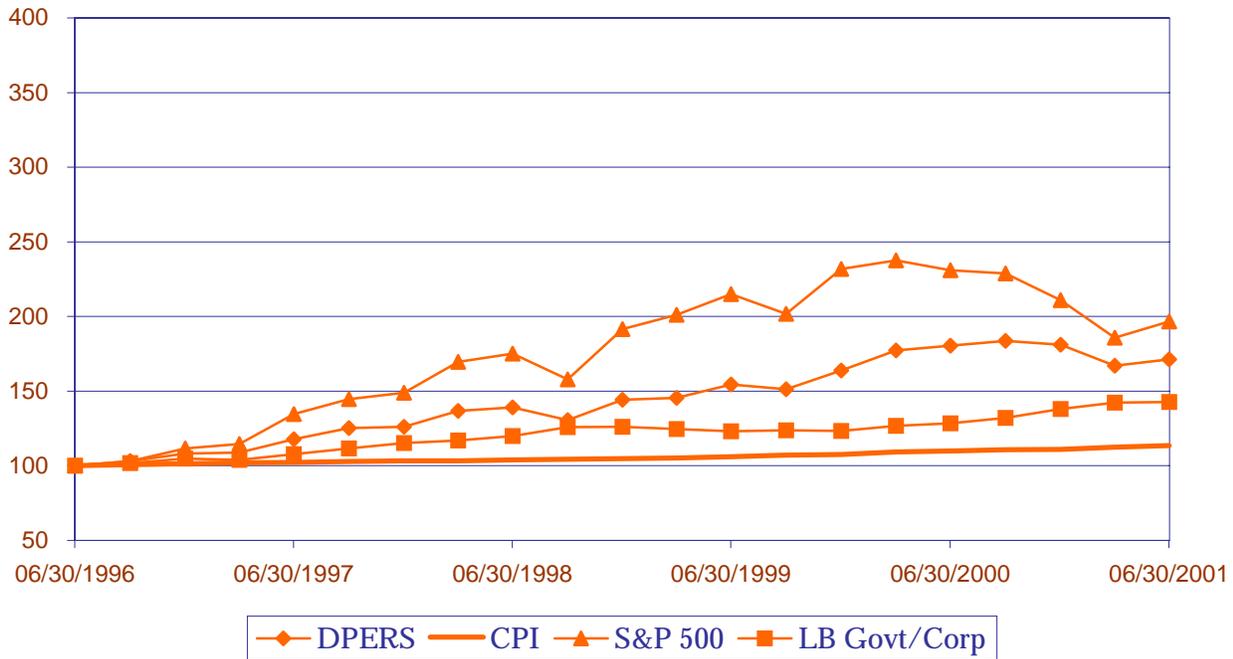
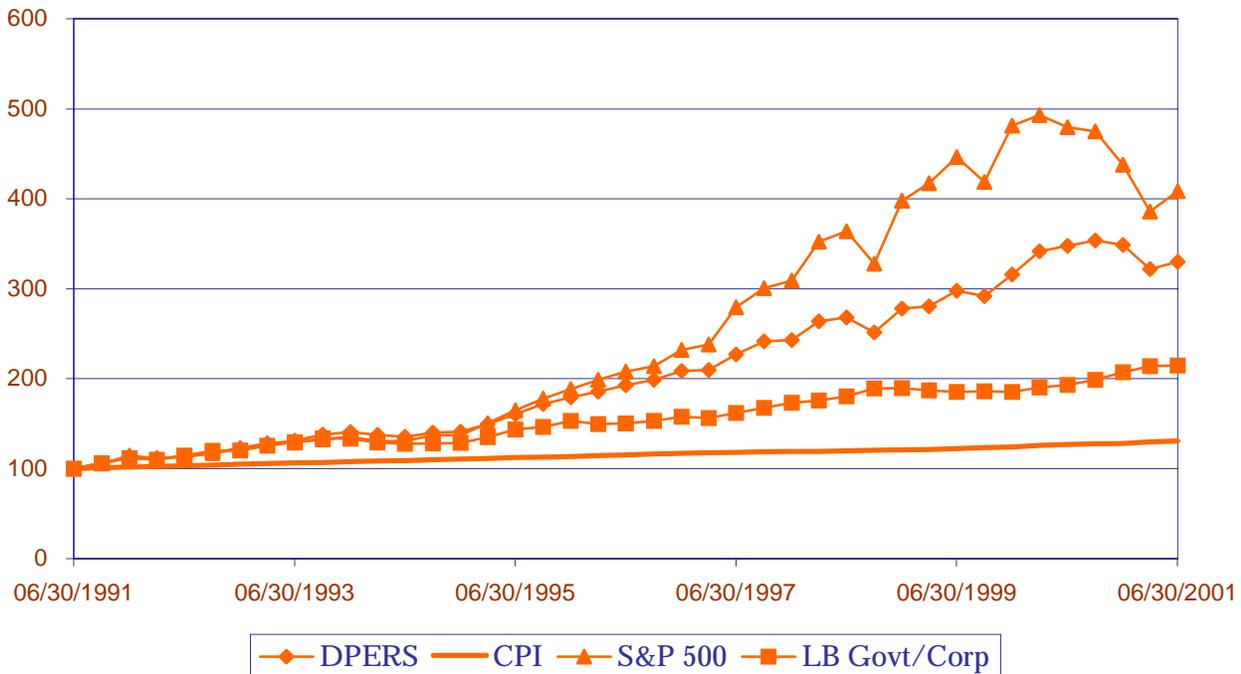


Chart IV

Total Return Performance Comparison - 10 Years



List of Largest Assets Directly Held*

as of June 30, 2001 (excludes investments in pooled vehicles)

Equities (Includes Convertibles)	Market Value	% of Total Fund	Shares/Par (\$)
EQUITY OFFICE PPTYS TRUST	\$ 16,336,501	0.31%	517,436 shares
SERACARE INC. WT Exp 02/18/2005 +5	15,604,621	0.30%	2,235,619 shares
GENERAL ELECTRIC CO	15,536,625	0.29%	318,700 shares
APARTMENT INVT & MGMT CO CL A	12,213,880	0.23%	253,400 shares
EQUITY RESIDENTIAL PPTYS TRUST	9,291,165	0.18%	164,300 shares
PFIZER INC	9,272,576	0.18%	231,525 shares
CENTERPOINT PROPERTIES TRUST	9,041,020	0.17%	180,100 shares
MICROSOFT CORP	8,431,500	0.16%	115,400 shares
CHASE TELECOMMUNICATIONS Sr Nt 10.0% 06/30/2008 With CL A, CL B	7,895,823	0.15%	\$ 6,338,280
VORNADO RLTY TRUST	7,792,384	0.15%	199,600 shares
Total	\$ 111,446,095	2.12%	

Fixed Income	Market Value	% of Total Fund	Par (\$)
UNITED STATES TREAS NTS 5.875% 11/15/2004	\$ 26,889,460	0.51%	\$ 26,000,000
UNITED STATES TREAS NTS 6.250% 02/28/2002	25,910,295	0.49%	\$ 25,500,000
UNITED STATES TREAS NTS 5.750% 08/15/2003	25,710,750	0.49%	\$ 25,000,000
FEDERAL NATIONAL MTG ASSN NT 5.125% 02/13/2004	20,092,400	0.38%	\$ 20,000,000
UNITED STATES TREAS NTS 5.875% 09/30/2002	16,868,610	0.32%	\$ 16,500,000
FEDERAL HOME LN MTG CORP NT 5.750% 07/15/2003	16,347,520	0.31%	\$ 16,000,000
UNITED STATES TREAS NTS 5.875% 11/30/2001	16,142,560	0.31%	\$ 16,000,000
UNITED STATES TREAS NTS 6.250% 06/30/2002	15,848,750	0.30%	\$ 15,500,000
UNITED STATES TREAS NTS 6.375% 04/30/2002	10,203,500	0.19%	\$ 10,000,000
FEDERAL HOME LN BANK BD 5.750% 01/05/2004	10,118,700	0.19%	\$ 10,000,000
Total	\$ 184,132,545	3.49%	

*A complete list of portfolio holdings is available for review upon request.

Surviving “The Perfect Storm”

In both the book and the movie, The Perfect Storm tells the story of an unusual combination of bad weather off the coast of New England. A fishing boat and a sailboat are caught in this perfect storm. The fishing boat sinks, and the crew of the sailboat has to be rescued by the Coast Guard. Sometimes unwary investors can also get caught in the perfect storm.

Just recently, some of the new economy/internet stocks declined by over 80%. The Nasdaq stock index declined by over 60%. How can investors survive the perfect storm? They have to keep part of their portfolio in calm waters. In the investment world, these calm waters are in the bond market.



Any basic investment textbook, seminar, article or website will talk about stocks and bonds as the primary investment choices. Then virtually all of the subsequent discussion will be about stocks. Like Rodney Dangerfield, bonds don't get any respect. But bonds are important. Bonds are legally obligated to provide a steady source of cash income – the annual interest payment. Bonds are also a legal obligation to return the principal amount to the investor. These legal obligations for bonds make the investment behavior of bonds much calmer than stocks.

In general, two factors influence the market prices for bonds. One is the credit quality of the borrower. The other is the bond's maturity – the length of time until the principal is paid back.

If the credit quality of the borrower is very high, the market price of their bonds will not be influenced by changes in economic conditions. The best quality is provided by bonds issued by the U.S. government. Because these government bonds have a very low credit risk, they pay the lowest rate of interest. On the other hand, bonds issued by companies affected by economic conditions pay a higher level of interest. But when investors become concerned about getting the principal amount paid back, the market price of the bonds can go down.



A bond's maturity affects its market price because the legal obligations of a bond are fixed. When future interest rate levels rise or fall, the interest rate for an existing bond doesn't change. However, the market price of the existing bond does change. If someone owns a bond with an 8% interest rate, and the future interest rate declines to 6%, the 8% bond becomes more valuable than the new 6% bonds. The market price of the 8% bond will go up. However, if the maturity of the 8% bond is short, the interest rate advantage will not last very long, and the market price

increase will be small. On the other hand, if the maturity of the 8% bond is long, the interest rate advantage will continue for a long time, and the market price increase will be larger.

Of course, the opposite can happen. If someone owns a bond with an 8% interest rate, and the future interest rate increases to 10%, the 8% bond becomes less valuable. In this case, the market price of the 8% bond will go down.

The following table, covering the last 30 years, compares the declines in the bond and stock markets.

Bonds vs. Stocks		
<small>(120 Rolling 4-quarter periods, 1971 - 2001)</small>		
	Bonds	Stocks
Number of declining periods	11	21
Percent of declining periods	9%	18%
Average percent decline	-3.1%	-11.2%
Largest percent decline	-8.6%	-39.0%

Bonds - Lehman Aggregate Bond Index
 Stocks - S&P 500 Stock Index

Stocks declined twice as often as bonds. The average stock decline was three times larger than bonds. The largest stock decline was almost five times larger than bonds.

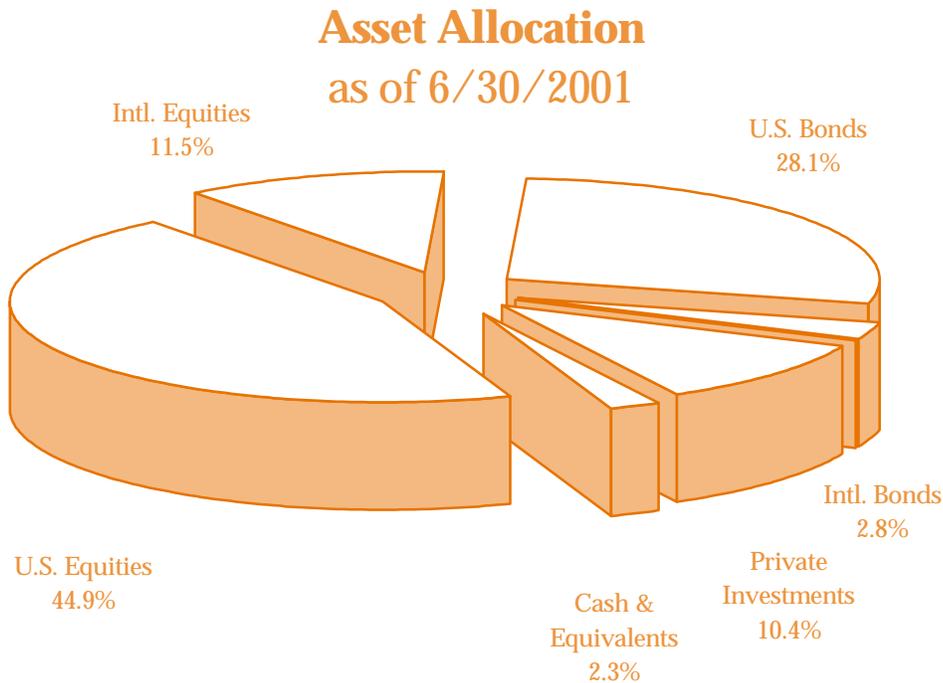
The Delaware retirement fund targets 25% of total plan assets as a minimum level of fixed income investments. At the end of the current fiscal year, June 30, 2001, the fund held 33% of total plan assets in fixed income investments.

Despite its occasional declines, the bond market provides calm waters compared to the choppy seas of the stock market – and helps investors survive The Perfect Storm.

INVESTMENT SECTION

Asset Allocation

To achieve investment objectives, monies are deployed in diverse asset classes offering the risk and return characteristics desired. The following chart illustrates the diversification of assets at the end of the fiscal year. The accompanying table shows the five-year history and trends in asset allocation. For these asset classifications, the Pooled Equity and Fixed Income Accounts are included in their respective equity and fixed income asset classes; and, therefore, are different from the asset classes used in the financial section on pages 32-33.



	Fiscal Years ending June 30,				
	2001	2000	1999	1998	1997
U.S. Equities	44.9%	38.8%	45.3%	49.4%	47.8%
Intl. Equities	11.5%	12.4%	10.5%	11.7%	11.5%
U.S. Bonds	28.1%	31.1%	31.6%	20.5%	25.9%
Intl. Bonds	2.8%	2.7%	2.1%	1.6%	1.8%
Real Estate	- *	- *	0.1%	0.3%	0.7%
Private Investments	10.4%	12.5%	9.2%	7.1%	7.4%
Cash & Equivalents	2.3%	2.5%	1.2%	9.4%	4.9%

**less than 0.1% under management. Other real estate holdings in the form of Real Estate Investment Trusts are included in equities.*

Individual investment managers are selected for each asset class based on a rigorous set of performance and organizational criteria. In addition to a proven track record of managing a given class of assets, they must have a clearly stated and consistently applied investment policy and decision making process, continuity of personnel, and a well-defined plan for retaining key personnel and controlling growth.

All investment managers are expected to meet and maintain a number of organizational criteria in order to continue as managers. During the fiscal year, existing managers were given additional responsibilities in the areas of private and alternative assets, high yield bonds, and domestic equity. Additionally, three venture capital funds reached their scheduled termination dates. At the end of the fiscal year, the money managers of the Fund and their responsibilities were:

Investment Manager	Responsibility	Calendar Year Retained
<u>U.S. Equities</u>		
Barclays Global Investors	Equities	1977
Cadence Capital Management	Equities	1989
Fidelity Management Trust Co.	Real Estate Investment Trusts	1995
Froley, Revy Investment Co.	Convertible Securities	1984
Lincoln Capital Management	Equities	1978
Mellon Capital Management	Equities	1984
Oaktree Capital Management	Convertible Securities	1995
T. Rowe Price Associates	Equities	1971
Trinity Investment Management	Equities	1982
<u>International Equities</u>		
Barclays Global Investors	International Equities	1999
Mellon Capital Management	International Equities	1996
Oaktree Capital Management	International Convertible Securities	1995
<u>U.S. Bonds</u>		
Lincoln Capital Management	Fixed Income	1995
Mellon Capital Management	Fixed Income	1984
T. Rowe Price Associates	Fixed Income	1996
Loomis Sayles & Company LP	Fixed Income	1998
<u>Real Estate</u>		
Allegis Realty Investors LLC	Real Estate	1979
<u>Private Investments</u>		
Accel Partners	Venture Capital	1984
Advanced Technology Ventures	Venture Capital	1990
Brentwood Associates	Venture Capital	1983
The Carlyle Group	Private Equity	1996
Cherry Tree Ventures	Venture Capital	1984
Coller Isnard Ltd.	Venture Capital	1994
Equity Linked Investors	Private Equity	1984
MeriTech Capital Partners	Venture Capital	1999
Oaktree Capital Management	Distressed Debt	1997
Oaktree Capital Management	Emerging Markets	2000
One Liberty Ventures	Venture Capital	1982
ONSET Enterprise Associates	Venture Capital	1989
Pecks Partners	Private Equity	1986
Spectra Enterprise Associates	Venture Capital	1986
Summit Ventures	Venture Capital	1988
T. Rowe Price Recovery Fund	Distressed Debt	1988
T. Rowe Price Threshold Funds	Venture Capital	1984
TCW Asset Management	Distressed Debt	1990
Trident Management	Venture Capital	1999
Weston Presidio Capital	Venture Capital	1995
<u>Cash & Equivalents</u>		
T. Rowe Price Associates	Cash & Equivalents	1983

INVESTMENT SECTION

Investment Summary

(Dollar values expressed in thousands)

	Market Value as of June 30, 2001	Percent of Total Investment Assets	Total FY 2001 Investment Fees	Basis Points
<u>Equities</u>				
U.S. Equities	\$ 2,370,997	44.9%		
Intl. Equities	607,271	11.5%		
Sub-Total	\$ 2,978,268	56.4%	\$ 10,680	
<u>Fixed Income</u>				
U.S. Bonds	\$ 1,483,853	28.1%		
Intl. Bonds	147,857	2.8%		
Sub-Total	\$ 1,631,711	30.9%	\$ 2,217	
<u>Other Asset Allocations</u>				
Private Investments	549,184	10.4%		
Cash & Equivalents	121,454	2.3%		
Sub-Total	\$ 670,638	12.7%	\$ 13,670	
<u>Other Investment Services</u>				
Custodian/Investment Advisor Fees			\$ 1,583	
Pension Office Support Staff Expenses			206	
Grand Totals	\$ 5,280,617	100.0%	\$ 28,356	29 bp*

* Other fees include Private Investment fees detailed on page 42. These fees have been excluded from the basis point calculation since they have already been netted from income. Basis point calculation is the weighted average based on the quarterly fund valuation.

Glossary Of Terms Used

Fair Value (Market Value):

The value at which an investment could be sold in a transaction between a willing buyer and a willing seller. All assets with regularly traded markets are shown at the fair value as determined by the custodian bank based on quoted market values. All other assets are adjusted to market value monthly except real estate which is adjusted quarterly to appraised values, venture capital which is adjusted quarterly based on individual partnership procedures, and any private placement or partnership participation where values are supplied periodically by the respective management organizations in accordance with established procedures.

Time-Weighted Total Return:

The measure used for judging investment management of the Fund. It is based on market value and minimizes or eliminates any distortion in the rate of return caused by the timing of cash flows into or out of the Fund.

Private Investments:

Private Investments include investments in Venture Capital, Private Equity, and certain Convertible Securities.

Schedule of Broker Commissions

The System has no commission recapture, directed payment, or “soft dollar” arrangements. Broker selection is the responsibility of individual investment managers.

Appendix A (on page 67) is a schedule of commissions paid during Fiscal 2001 which totaled over \$20,000. Appendix B (pages 68-70) is a complete schedule of all commissions paid during Fiscal 2001.

Appendix - A Schedule of Broker Commissions Over \$20,000

The following is a list of brokers who received \$20,000 or more in commissions during Fiscal Year 2001.

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
BEAR STEARNS & CO INC	3,362,900	\$0.05	\$101,305,072.50	\$161,798.40
INVESTMENT TECHNOLOGY GROUP	7,258,284	\$0.02	\$195,753,574.27	\$145,130.08
SMITH BARNEY INC	2,804,132	\$0.04	\$65,707,539.84	\$116,648.59
LEHMAN BROTHERS INC	2,546,745	\$0.04	\$69,265,850.14	\$114,468.00
B-TRADE SECURITIES LLC	4,194,170	\$0.02	\$100,862,542.04	\$83,813.50
CIBC OPPENHEIMER CORP	1,590,700	\$0.04	\$45,569,049.75	\$70,086.00
GOLDMAN SACHS & CO	1,416,450	\$0.05	\$41,413,376.91	\$68,073.48
CS FIRST BOSTON CORPORATION	1,700,379	\$0.04	\$35,523,212.00	\$64,813.52
WEEDEN & COMPANY	1,263,100	\$0.04	\$22,998,426.26	\$56,256.00
SPEAR, LEEDS, & KELLOGG	2,014,550	\$0.03	\$73,441,951.32	\$51,780.75
MORGAN STANLEY & CO	1,169,812	\$0.04	\$41,818,352.12	\$51,600.07
MERRILL LYNCH PIER FEN SMITH	1,342,516	\$0.03	\$28,448,520.19	\$46,635.32
LEGG MASON WOOD WALKER	884,700	\$0.05	\$17,299,047.20	\$44,235.00
JEFFERIES & CO INC	856,200	\$0.05	\$20,667,146.42	\$40,400.00
INSTINET	1,498,480	\$0.03	\$49,466,152.36	\$39,949.35
BANC/AMERICA SEC, LCC, AUTRANET INC.	754,850	\$0.05	\$20,736,633.20	\$37,742.50
PRUDENTIAL SECURITIES, INC	754,900	\$0.04	\$20,917,885.53	\$29,447.50
JONES ASSOCIATES 4TH	570,500	\$0.05	\$16,506,178.59	\$28,525.00
DL&J SECURITIES CORP	690,450	\$0.04	\$18,347,932.49	\$26,065.50
NEUBERGER & BERMAN	519,700	\$0.05	\$12,190,299.78	\$24,709.00
STANDARD & POOR'S SECURITIES INC	493,900	\$0.05	\$16,368,045.58	\$24,695.00
LAZARD FRERES & CO	477,902	\$0.05	\$16,108,190.36	\$23,895.10
SCHWAB (CHARLES) & CO	446,200	\$0.05	\$9,505,139.84	\$22,310.00
UBS WARBURG	704,033	\$0.03	\$17,600,985.60	\$21,495.49
	419,200	\$0.05	\$14,323,343.01	\$20,960.00

INVESTMENT SECTION

Appendix - B

Broker Commission Summary for Fiscal Year 2001

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
BANC/AMERICA SEC, LCC,	754,850	\$0.05	\$20,736,633.20	\$37,742.50
BARING SECURITIES INC.	89,400	\$0.05	\$3,117,409.36	\$4,470.00
BARRINGTON RESEARCH ASSOCIATES	5,000	\$0.05	\$231,296.29	\$250.00
BEAR STEARNS & CO INC	3,366,900	\$0.05	\$101,460,123.22	\$161,998.40
BERNSTEIN SANFORD & CO INC	246,500	\$0.05	\$9,866,245.03	\$12,325.00
BLACK AND COMPANY	11,800	\$0.05	\$551,403.54	\$590.00
BLAIR (WILLIAM) & CO	131,900	\$0.05	\$5,049,789.60	\$6,595.00
BMO NESBITT BURNS INC	1,100	\$0.03	\$8,517.34	\$35.20
BRIDGE TRADING CO.	151,300	\$0.05	\$4,931,328.04	\$7,095.00
B-TRADE SECURITIES LLC	4,194,170	\$0.02	\$100,862,542.04	\$83,813.50
CANACCORD CAPITAL CORP	127,000	\$0.05	\$998,633.20	\$6,350.00
CANADIAN IMPERIAL BK OF COMMERCE	10,000	\$0.05	\$274,490.83	\$500.00
CANTOR FITZGERALD & CO	476,700	\$0.04	\$10,156,242.23	\$18,940.00
CAPITAL INSTITUTIONAL SERVICES	2,400	\$0.05	\$79,084.32	\$120.00
CHAPIN DAVIS	37,800	\$0.05	\$2,583,112.79	\$1,890.00
CIBC OPPENHEIMER CORP	1,800,605	\$0.05	\$47,202,921.06	\$83,324.83
CITATION GROUP, THE	210,100	\$0.05	\$3,765,855.16	\$10,505.00
CJS SECURITIES	5,000	\$0.05	\$120,567.47	\$250.00
CLEARY, GULL, REILAND & MCDEVITT	29,800	\$0.05	\$800,898.99	\$1,490.00
CONNING & CO/BCC CLRG	30,900	\$0.05	\$716,455.28	\$1,545.00
CORRESPONDENT SERVICES CORP	12,400	\$0.03	\$204,667.60	\$404.00
COWEN & COMPANY	248,300	\$0.05	\$5,503,047.72	\$12,415.00
CS FIRST BOSTON CORPORATION	1,700,379	\$0.04	\$35,523,212.00	\$64,813.52
DAIN RAUSCHER INCORPORATED	74,400	\$0.05	\$2,008,282.52	\$3,720.00
DAVIDSON, D.A., & COMPANY, INC	221,200	\$0.05	\$4,099,818.29	\$11,060.00
DB CLEARING SECURITIES #80122	68,800	\$0.05	\$1,945,974.02	\$3,440.00
DEUTSCHE BANC ALEX BROWN INC	110,100	\$0.05	\$3,378,596.68	\$5,505.00
DL&J SECURITIES CORP	519,700	\$0.05	\$12,190,299.78	\$24,709.00
DRESDNER SECURITIES (USA) INC	15,200	\$0.05	\$402,779.17	\$760.00
EDWARDS A G & SONS INC	64,200	\$0.05	\$1,571,435.21	\$3,210.00
ERNST & CO	3,500	\$0.05	\$146,808.24	\$175.00
ESI SECURITIES COMPANY	33,982	\$0.04	\$1,277,795.77	\$1,359.28
FACTSET DATA SYSTEMS INC/BCC CLR	32,500	\$0.05	\$1,874,550.60	\$1,625.00
FIDELITY CAP MKTS (DIV OF NFSC)	132,300	\$0.05	\$3,303,072.08	\$6,337.00
FIRST ALBANY CORP	55,900	\$0.05	\$2,079,518.29	\$2,795.00
FIRST ANALYSIS SECURITIES CORP	2,500	\$0.05	\$141,708.02	\$125.00
FIRST TENNESSEE SEC CORP	63,300	\$0.05	\$910,874.00	\$3,165.00
FIRST UNION CAPITAL MARKETS	251,300	\$0.05	\$6,114,260.55	\$12,565.00
FOX-PITT, KELTON, INC	76,850	\$0.05	\$2,768,041.05	\$3,842.50
FRIEDMAN BILLINGS & RAMSEY	151,800	\$0.05	\$2,391,165.69	\$7,590.00
FROST SECURITIES INC	63,600	\$0.05	\$2,481,833.64	\$3,180.00
GERARD KLAUER MATTISON & CO	99,900	\$0.05	\$2,467,316.95	\$4,995.00
GOLDMAN SACHS & CO	1,416,450	\$0.05	\$41,413,376.91	\$68,073.48
GREEN STREET ADVISORS INC	5,000	\$0.05	\$48,948.00	\$250.00
GRUNTAL & COMPANY INC	25,900	\$0.05	\$617,797.08	\$1,295.00
HOAK BREEDLOVE WESNESKI & CO	46,350	\$0.05	\$1,743,777.86	\$2,317.50
HOWARDWEIL, LABOUISSIE, FRIEDRICH	56,500	\$0.05	\$1,987,550.49	\$2,825.00
HSBC SECURITIES INC	538,700	\$0.00	\$828,549.50	\$1,993.25
INSTINET	1,498,480	\$0.03	\$49,466,152.36	\$39,949.35
INTERSTATE JOHNSON LANE CORP	1,400	\$0.05	\$37,489.90	\$70.00
INVESTEC ERNST & CO	118,200	\$0.04	\$4,396,012.96	\$5,030.00
INVESTMENT TECHNOLOGY GROUP	7,258,284	\$0.02	\$195,753,574.27	\$145,130.08

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Broker Commission Summary (continued)

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
ISI GROUP, INC. C/T BEAR STEARNS	23,700	\$0.05	\$895,321.67	\$1,185.00
ISLAND EXECUTION SERVICES LLC	500	\$0.01	\$3,125.65	\$5.00
J B WERE	53,500	\$0.02	\$251,168.90	\$1,262.17
JANNEY MONTGOMERY SCOTT INC	23,900	\$0.05	\$148,036.60	\$1,195.00
JEFFERIES & CO INC	856,200	\$0.05	\$20,667,146.42	\$40,400.00
JOHNSON RICE & CO.	6,000	\$0.05	\$238,121.27	\$300.00
JONES ASSOCIATES 4TH	690,450	\$0.04	\$18,347,932.49	\$26,065.50
KEEFE BRUYETTE & WOODS INC	104,800	\$0.05	\$2,848,147.81	\$5,240.00
KNIGHT SEC BROADCORT CAP CLEAR	2,600	\$0.05	\$16,302.00	\$130.00
LAZARD FRERES & CO	446,200	\$0.05	\$9,505,139.84	\$22,310.00
LEERINK SWANN & CO	42,300	\$0.05	\$1,525,628.15	\$2,115.00
LEGG MASON WOOD WALKER	884,700	\$0.05	\$17,299,047.20	\$44,235.00
LEHMAN BROTHERS INC	2,546,745	\$0.04	\$69,265,850.14	\$114,468.00
LEWCO SEC/AGT HAMBRECHT & QUIST	22,000	\$0.05	\$1,457,674.58	\$1,100.00
LIQUIDNET INC	14,800	\$0.02	\$587,203.33	\$296.00
LYNCH JONES & RYAN INC/JEFFERIES	6,400	\$0.05	\$317,184.60	\$320.00
MACQUARIE EQUITIES (USA) INC	25,000	\$0.02	\$113,312.11	\$398.58
MCDONALD & CO	93,000	\$0.05	\$2,836,516.75	\$4,650.00
MERRILL LYNCH PIER FEN SMITH	1,342,516	\$0.03	\$28,448,520.19	\$46,635.32
MERRILL LYNCH PROF CLRG CORP	90,300	\$0.05	\$3,225,850.95	\$4,515.00
MORGAN (J.P.) SECURITIES INC	276,800	\$0.05	\$9,540,580.87	\$13,840.00
MORGAN KEEGAN & CO INC	17,200	\$0.05	\$401,920.11	\$860.00
MORGAN STANLEY & CO	1,169,812	\$0.04	\$41,818,352.12	\$51,600.07
NESBITT BURNS SECURITIES, INC	54,500	\$0.03	\$626,763.89	\$1,860.92
NEUBERGER & BERMAN	493,900	\$0.05	\$16,368,045.58	\$24,695.00
O'NEIL WILLIAM & CO INC/BCC CLRG	10,000	\$0.05	\$337,893.33	\$500.00
PAINE WEBBER JACKSON/CURTIS INC	76,600	\$0.05	\$1,989,833.45	\$3,830.00
PCS SECURITIES INC	26,700	\$0.05	\$1,111,409.14	\$1,335.00
PFORZHEIMER (CARL H.) & CO NYC	10,000	\$0.05	\$466,053.69	\$500.00
PRUDENTIAL SECURITIES, INC	570,500	\$0.05	\$16,506,178.59	\$28,525.00
PULSE TRADING LLC	6,400	\$0.05	\$193,920.00	\$320.00
PUTNAM LOVELL DE GUARDIOLA & THO	4,300	\$0.05	\$63,815.44	\$215.00
QUAKER SECURITIES INC/SLK	66,600	\$0.02	\$1,239,743.05	\$1,573.00
RAGEN MACKENZIE INC	8,000	\$0.05	\$309,025.55	\$400.00
RAYMOND JAMES & ASSOC	60,100	\$0.05	\$1,457,738.90	\$3,005.00
ROBB, PECK, MCCOOEY CORP	80,905	\$0.05	\$2,276,011.61	\$4,045.25
ROBERTSON, STEPHENS & CO	232,000	\$0.05	\$4,423,451.63	\$11,600.00
ROBINSON HUMPHREY CO INC	131,900	\$0.05	\$4,002,624.74	\$6,595.00
ROCHDALE SECURITIES CORP	11,000	\$0.05	\$232,720.50	\$550.00
RYAN BECK & CO	38,700	\$0.05	\$1,222,751.25	\$1,935.00
SALOMON SMITH BARNEY INC.	150,900	\$0.05	\$3,881,737.22	\$7,545.00
SANDERS MORRIS MUNDY	22,200	\$0.05	\$877,550.86	\$1,110.00
SANDLER O'NEILL & PARTNERS, LP	178,312	\$0.05	\$5,109,219.52	\$8,915.60
SCHWAB (CHARLES) & CO	704,033	\$0.03	\$17,600,985.60	\$21,495.49
SCOTIA CAPITAL MKTS (USA) INC	129,000	\$0.05	\$1,074,544.06	\$5,995.80
SCOTT & STRINGFELLOW	5,400	\$0.05	\$248,238.00	\$270.00
SHERWOOD SECS / BROADCORT CAP	18,800	\$0.05	\$381,313.72	\$940.00
SIMMONS & CO INTERNATIONAL	21,700	\$0.05	\$710,031.78	\$1,085.00
SMITH BARNEY INC	2,804,132	\$0.04	\$65,707,539.84	\$116,648.59
SOUNDVIEW TECHNOLOGY GROUP INC	122,800	\$0.05	\$4,303,236.99	\$6,140.00
SOUTHCOAST CAPITAL LLC	109,500	\$0.05	\$2,220,738.89	\$5,475.00
SPEAR, LEEDS, & KELLOGG	2,014,550	\$0.03	\$73,441,951.32	\$51,780.75
STANDARD & POOR'S SECURITIES INC	477,902	\$0.05	\$16,108,190.36	\$23,895.10

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INVESTMENT SECTION

Broker Commission Summary (continued)

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
STATE ST BROKERAGE SVCS INC	39,800	\$0.05	\$1,008,876.92	\$1,990.00
STUART FRANKEL & CO	235,500	\$0.05	\$12,250,619.81	\$11,775.00
SUNTRUST EQUITABLE SECURITIES CL	51,500	\$0.05	\$1,345,010.80	\$2,575.00
SUTRO AND COMPANY INCORPORATED	8,400	\$0.05	\$317,545.00	\$420.00
THOMAS WEISEL PARTNERS, LLC	172,800	\$0.05	\$4,358,875.27	\$8,640.00
TROSTER SINGER CORP	4,900	\$0.05	\$144,795.00	\$245.00
U.S. BANCORP PIPER JAFFRAY INC	116,600	\$0.05	\$2,386,064.27	\$5,830.00
U.S. CLEARING INST TRADING	1,500	\$0.05	\$48,669.45	\$75.00
UBS WARBURG	419,200	\$0.05	\$14,323,343.01	\$20,960.00
VAN KASPER & CO	93,800	\$0.05	\$1,850,988.17	\$4,690.00
WARBURG DILLON READ INC	257,900	\$0.04	\$7,111,840.59	\$10,243.71
WEEDEN & COMPANY	1,263,100	\$0.04	\$22,998,426.26	\$56,256.00
WEISS PECK & GREER	83,100	\$0.05	\$1,491,569.58	\$4,089.00
WR HAMBRECHT & COMPANY LLC	15,700	\$0.05	\$221,301.19	\$785.00
TOTALS:	48,188,757	\$0.037	\$1,282,761,771.73	\$1,793,615.34

Average cents/share = \$0.03722

This report was prepared by Pension Office Staff with input from the Board of Pension Trustees and the Investment Committee.

The County & Municipal Police/Firefighter's Pension Plan covers individuals employed by municipalities that have become part of the plan. This plan provides retirement, disability, and survivor benefits to covered participants.

During Fiscal Year 1986, the City of Dover Police department was the first agency to join the plan. Since then, the plan has grown to cover the employees of the police departments of Dagsboro, Delmar, Dewey Beach, Felton, Georgetown, Harrington, Millsboro, New Castle, Wilmington, and New Castle County, as well as fire department employees of New Castle County and the City of Wilmington.



Photo courtesy Delaware Public Archives

The City of Wilmington Police Department joined the County Municipal Police/Firefighters' Pension Plan in 1991. This scene from 1915 depicts a Wilmington Police truck. The City police force has grown to its current compliment of 289 authorized positions.



Photo courtesy City of Dover Police Department

In 1985, the City of Dover Police were the first to join this Plan. The City recently completed an expansion of its police department facility.

In June, 1986, the plan covered 17 officers of the City of Dover Police Department. At that time, plan participants were, on average, 27 years old, and were credited with an average 2.75 years of service and an average salary of \$18,300. Currently, the Plan covers 483 participants, who average 32 years of age, and earn an average salary of \$40,000. There are 11 pensioners/survivors who are an average 38 years of age, and receive an average monthly benefit of \$ 800.

County & Municipal Other Employees' Pension Plan

The employees of the Sussex Conservation District were the first to be covered under the County & Municipal Other Employees' Pension Plan. This Plan includes county or municipal employees who are not enforcement officers or fire fighters.

The first agency to join the County & Municipal Other Employees' Pension Plan was the Sussex Conservation District (SCD). This picture from the 1950s shows two SCD technicians surveying ditch construction. Over the past decades, the SCD has significantly improved Sussex County lands through improved drainage and erosion control projects.



Photo Courtesy Delaware Public Archives

Since entering the plan in 1987, the Sussex Conservation District has been joined by the covered employees of the towns of Georgetown and Millsboro, the City of New Castle, and the Middletown, Harrington, Townsend, and Felton fire companies.

At its start, the plan covered 17 employees of the Sussex Conservation District, who were an average 39 years old. Those employees were credited with an average 9 months of service and an average annual salary of \$17,300. There were no pensioners or survivors receiving benefits.

The Plan has grown to cover 85 participants, who average 43 years of age, and earn an average annual salary of \$27,000. There are 10 pensioners/survivors who are an average 66 years of age and receive an average monthly benefit of \$216.



The Town of Millsboro joined the Plan in 1999. Pictured above is the Millsboro Town Hall which includes facilities utilized by many programs and citizens.